

MIDWEST STAR SATELLITE  
1065 N Main  
Crete IL 60417  
Ph 708-672-6677  
Fax 708-672-7267

SUNSHINE PERIOD

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An Open Letter To HBO, Showtime, Disney

RECEIVED

March 31, 1993

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Dear HBO, Showtime, and Disney;

FCC MAIL ROOM

Amid all the problems you may have, the greatest is payment for your services. This has been documented in TVRO technology for several years. Much attention has and is being paid to rid the industry, to the greatest extent, of this plague. And yet an obstacle of far greater proportions continues to loom in your horizons. It is so massive that when you send your sponsored flyers out for direct marketing to encourage subscription to your service, you can only hope to sweep up the last few crumbs of prospective subscribers who have no connections to circumventing payment of those services.

I see this time and again and wonder why you would spend so many dollars on your attractive, slick advertising coming to the doors of thousands in more populated areas of the country without the tandem intent of maximizing your profits and the catharsis of the dilemma you find yourselves in.

CABLE THEFT by any name continues to grow by enormous dimensions. Yet, you seem nearly oblivious to it. Walk out of your offices, onto the street, and find what I have found. Almost anyone you talk to either has a tricked box or will jump at the chance to get one. Since you cannot truly control cable premium prices, this is the reward you receive for sleeping too closely in bed with cable MSO's. You are not capable of presenting a concerted effort to withdraw your signal in a resolution pressuring them into cauterizing this cancer. I am not convinced that the cable trade associations give a damn as long as the MSO's "basics" bottomline is maintained.

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Truly, this is where the TVRO trade association, the SBCA, has shone in attempting to save the industry. I would think you would be happier being associated with them. Why not take a lesson.

Let's take "buy rates" as an example. Ninety five percent (95%) of our satellite customers have Showtime and/or HBO and/or Disney. What can you say about your cable distributors buy rates? You certainly looked originally at TVRO's buy rates to determine the extent of piracy, then, imply signal withdrawal as a final step. Doesn't it follow, logically, that looking at cable buy rates would be a good indicator of the problem and that pressure needs to be applied?

I read the cable trades and there is precious little being done. Yes, there is the very occasional 23rd page article (Multichannel News, March 15, 1993) about attempted California cable legislation that would increase penalties for "people caught with MORE than 50 items related to piracy." That's hardly a nationally concerted effort and hardly an answer to the heart of the problem.

And then there are the court judges sworn to uphold the law who, feeling burned by cable themselves, are letting black box suppliers go absolutely scott-free. Have you seen or read about that?

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with cable "basics only" going for \$25 to \$32 per month in our area, it's just too good a deal. Some of our cable systems are charging upwards of \$100 for everything.

In the Chicago area, CABLE THEFT is rampant. We even have friends (unfortunately) who will never get a satellite system because CABLE THEFT gives them no motive to do so; it's a nervous joke.

Here's how it works: If cable thieves are not getting their cheater boxes from the back of some magazine or by direct offers off someone who has the cable company's mailing list, they are finding them locally via special telephone numbers to call eventually hooking up on a drive-by, through the car window exchange, in a parking lot somewhere - with the local police looking on. For about \$200-\$300. As long as these people are subscribing to basic cable, Voila! they have all the premiums, extra basic tiers and pay-per-view. Let's just call this the "Three Muskateers" phenomena. Incredible. This has been going on a long time now.

We had been offered a "territory" a while back because business is so good there aren't enough jobbers to handle the hordes. Needless to say, they found others. Do you think we might have been irrational in turning down such an opportunity? I think not. CABLE THEFT pirating is many times more prevalent than satellite pirating ever was. I can't remember what the quoted percentage has been (around the 10% mark) but I believe that figure is severely erroneous.

I am not an electronic wizard but with today's technology and the ability, besides cable, to get laws passed to include the consumer, it might just be worth your while to begin a process to eradicating this impasse. I would certainly offer my grass-roots ability to help

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your purpose in this regard.

So, don't look for the continuation of TVRO sales to pare down this chaos. Don't look to DBS technology for intercession either. Even they... will not be able to maximize their marketing plans.

I will appreciate a reply as to what you intend to do at the earliest time convenient after you become earnest in addressing this grave matter.

Sincerely,



Ron Habegger  
Owner

cc:

TVRO Industry  
U.S. Gov't Officials  
Papers (selected)  
Programmers (other)